

# Government-market-society relations in the context of the Maritime Silk Road

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# Sri Lanka's interfaces with the MSR and the relevant actors

- Ports, airports and telecom networks
  - Are within jurisdiction of **central government**
- Services over the transportation and telecom links
  - Will be supplied by **private firms, foreign and local**
- **Provincial and local governments** will have authority over surroundings of industrial parks, free zones, etc.
- **Civil society** will play a mediating role

# Infrastructure requires stakeholder management, especially in a hyper-democratic environment

- Major infrastructures are in place, but additional components have to be built, e.g.,
  - Connections between ports and airports (e.g., “dry canals”)
  - Oil and water lines
  - Industrial parks
  - Energy facilities
  - New urban agglomerations
- Unless provincial and local government kept informed and on-side, problems can occur
- Same with civil society, especially environmental organizations

Dry canals in L. America



# Public-private partnerships

- Unlikely that new infrastructure will be built by government, financed by debt as in the past
- Well-structured, transparently bid-out PPP concessions are likely to be the norm for large infrastructure projects
- Private firms will participate in PPPs; they will also participate in design and monitoring of contracts



# Free ports and bonded areas for logistics

- Entry is likely to be much simpler, though land cannot be owned outright; only long-term leases
- In declared areas, authority is with central government

## LEGAL FRAMEWORK

- Government has announced to setup Free Ports and Bonded Areas to create trade related infrastructure to facilitate import and export of goods and services and the related legal provision are contained in;
  - In 2012, the Finance Act No. 12 of 2012 first announced the legislation applicable for Commercial Hub activities.
  - In 2013, amendments were made by Finance Act No 12 of 2013
  - Commercial Hub Regulation No 01 of 2013 (Gazette No. 1818/ 30) issued on 11-07-2013

## DECLARED FREE PORTS AND BONDED AREAS

Declared Free Ports	Colombo & Hambantota
Declared Bonded Areas	Katunayake EPZ & Koggala EPZ
Specified Bonded Areas for projects engaged in entrepot trade with approval for manufacturing or assembling a product	Mattala Rajapaksha International Air Port & Mirijawila EPZ

# Industrial parks

- Authorization solely from Central government, but Provincial and Local governments will have roles because parks would have many connections with surrounding region
  - Government liaison and stakeholder relationship management essential from planning phase on
  - Important to pay for services, even if exemptions are offered
  - Environmental Impact Assessments should be done directly by investor



# Why did one experience rough weather, while it was smooth sailing for the other?

**Colombo Port City**



**Colombo International Container Terminals**

